

Conventional Loan Underwriting Guidelines

NOTE: THE TERM "UNDERWRITING" SHOULD NOT BE CONFUSED WITH TAX, PROGRAM AND POLICY COMPLIANCE REVIEW. ALL LOANS SUBMITTED TO CALHFA FOR PURCHASE MUST INCLUDE ALL DOCUMENTS REQUIRED BY CALHFA HOMEOWNERSHIP PROGRAMS FOR TAX, PROGRAM AND POLICY COMPLIANCE REVIEW

For credit underwriting questions contact CalHFA Mortgage Insurance Services at 916-322-8936. Program compliance questions should be directed to the CalHFA Homeownership Division at 916-324-8088.

		MANUAL UNDERWRITING		AUTOMATED UNDERWRITING		
CalHFA accepts loans for purchase that have either been manually underwritten or underwritten via an AUS: Fannie Mae's Desktop Underwriting (DU) at a level of Approved/Eligible or Approved/Ineligible or Freddie Mac's Loan Prospector (LP) at a level of Accept, depending on the loan program, provided either way is in accordance with CalHFA Conventional Loan Underwriting Guidelines. Expanded Approvals (EA) and enhanced DU "Improved Underwriting" AUS approvals are not acceptable and will require a manual underwriting. Exceptions to a minimum credit score and/or maximum debt-to-income ratio may be possible with strong compensating factors on a case-by-case basis. Lenders are required to ensure all loans submitted are documented in accordance with an automated underwriting findings report and underwriter's conditions of approval with a signed Approval by the Underwriter. CalHFA Mortgage Insurance performs a credit underwriting review on all CalHFA conventional loans and provides mortgage insurance coverage on all CalHFA conventional loans with a loan-to-value (LTV) ratio greater than 80%. Loans underwritten through Fannie Mae's Desktop Underwriter MCM (DU) and will be acceptable with the underwriting recommendation of "Approved/Eligible" or "Approved/Ineligible" or Freddie Mac's (LP) with an "Accept" credit risk rating or a manual underwriting must be performed.						
ELIGIBILITY	Borrower Eligibility	First-time Homebuyer, Income Limits, Sales Price Limits, Meet CalHFA Conventional Credit Underwriting Guidelines Refer to the Homeownership section of CalHFA's web site at www.calhfa.ca.gov				
	Programs	30 Year Fixed Mortgage (40 Year Fixed and IOP are Temporarily Unavailable for New Reservations)				
	Loan Purpose	Purchase transactions only				
	Occupancy Type	Owner-occupied primary residence only				
	LTV & CLTV Limits	Maximum LTV - 95%, Maximum CLTV - 102% (90% Maximum LTV/CLTV on Manufactured Housing on 30 Year Fixed Mortgages only.				
	Minimum Contribution	None Required				
	Homebuyer Education	None Required				
CREDIT	Minimum Credit Score	Regardless of automated underwriting findings: <= 95% LTV 30 fixed rate loans have a minimum FICO of 620. (Temporarily Unavailable for New Reservations are 40 year fixed rate loans at a minimum 620 and IOP loans at a minimum 680 FICO)				
	Alternative Credit	Permitted on 95% LTV and below. Minimum of four sources with a 12 month satisfactory payment record. One of the sources must be a 12 month Verification of Rent history				
	BK (CH. 7 & 13) / Foreclosure	Minimum three years since discharge date / foreclosure sale and evidence of reestablished credit				
	Collections	If individual account balance is less than \$250, or the total of all such accounts is \$1000 or less CalHFA does not require that such accounts be paid off at or prior to closing		Determined by automated approval		
	Deferred Student Loans	The deferred payment amount must be included in total debt ratio calculation				
RATIOS & INCOME	Total Debt Ratio (TDR)	45% (the IOP is Temporarily Unavailable for New Reservations, but qualifies at 35 yr. amortization payment)		55% (regardless of automated underwriting findings)		
	Temporary Buydowns	Temporary buydowns allowed on 30 Year Fixed Mortgages LTV < or = 95% qualify at buydown + 1%		Determined by automated approval		
	Non-Occupying Co-Signer	Permitted on 30 Year Fixed Mortgages with LTV < or = 90%. Occupant borrower(s) total debt ratio max 55%, combined max 45%.				
	Boarder Income	Not Permitted				
	PT / OT / 2nd Job / Bonus Income	Permitted with a minimum 12 month history		Determined by automated approval		
	PROPERTY	Eligible Property Types	Single Family (no in-law units/granny flats), five acre maximum Condominiums must meet FNMA Condominium Project Acceptance Policy or be FHA Approved Planned Unit Developments (PUD) Manufactured Housing - limited to 90% LTV/CLTV with 10% down payment from borrower's own funds only on 30 Year Fixed Mortgages.			
Appraisals		One of the following appraisal forms is required: Uniform Residential Appraisal Report (URAR) Fannie Mae/Freddie Mac form 1004(Single Family / PUD) Form 1004C (Manufactured Home Appraisal Report) Form 1073 (Individual Condominium Unit Appraisal Report)				
FUNDS TO CLOSE	Minimum Down Payment	No minimum down payment required except for manufactured home loans which require 10% from borrower's own funds				
	Cash Reserves	1 month		Determined by automated approval		
	Gift Funds	Permitted. No Maximum. May be used to supplement cash reserves.				
	Seller Contributions	Contributions by any interested party towards recurring and/or non-recurring closing costs are limited to: 3% of the purchase price if the LTV is > 90% 6% if the LTV is 90% or less Any contribution exceeding these limits requires a downward adjustment to the sales price to reflect the amount that exceeds the limits				
Mortgage Insurance	Monthly Mortgage Insurance	Zero Upfront Monthly Mortgage Insurance is provided by CalHFA Mortgage Insurance and is required on all conventional first mortgage loans with an LTV > 80.00% 30 Year Fixed Rate Loans. (40 Year Fixed & 35 Year IOP are Temporarily Unavailable for New Reservations)				
	Mortgage Insurance Rates			LTV	Coverage	Pricing
				90.01-95%	35%	0.90
				85.01-90%	35%	0.67
				80.01-85%	35%	0.62
Financed Mortgage Insurance	Not available on CalHFA conventional loans					